



## State of New Jersey

DEPARTMENT OF THE TREASURY  
OFFICE OF MANAGEMENT & BUDGET  
P.O. BOX 221  
TRENTON, NJ 08625-0221

**CHRIS CHRISTIE**  
*Governor*

**KIM GUADAGNO**  
*Lt. Governor*

**ANDREW P. SIDAMON-ERISTOFF**  
*State Treasurer*

**CHARLENE M. HOLZBAUR**  
*Director*

**TO:** Department Chief Fiscal Officers

**FROM:** Charlene M. Holzbaur  
Director

**DATE:** March 22, 2012

**SUBJECT:** United States Office of Management and Budget Circular A-87  
Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP)  
for the Year Ending June 30, 2012, with Addendum to Cover Fringe  
Benefit Rates for the Year Ending June 30, 2012

The 2012 Schedule A of the enclosure reflects departmental allocations of central support service costs agreed to by the State of New Jersey and the United States Department of Health and Human Services (HHS).

The fringe benefit rate of 30.3 percent reflected in the addendum is for fiscal year 2012. This rate is to be applied to base salaries including vacation, holiday, and sick pay, but excluding overtime pay. The rate is applicable to members of the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Teachers' Alternate Benefit Plan (ABP), and employees who are not members of a pension plan but are covered for health benefits. A rate of 29.40 percent for the Police and Firemen's Retirement System (PFRS) has also been negotiated.

These rates are for use in computing actual direct charges as well as for estimating charges to federal and other non-state funded programs. In addition, the rate is to be used to develop fringe benefit costs for inclusion in indirect cost rate proposals.

The employer's share of FICA taxes is not included in these fringe benefit rates. This cost is to be provided for in billings, estimates and indirect cost rate proposals at the rate prescribed by the federal government applied to taxable wages. The rate for calendar year 2012 is 7.65 percent of the first \$110,100 paid to each employee and 1.45 percent for gross wages above \$110,100.

Schedule A-1 of the enclosure reflects the plant operation and maintenance costs that represent occupancy costs of State-owned buildings allocated to grantee agencies for the year 2012. These costs for inclusion in agency indirect rate proposals must be treated by the agency as either direct or indirect costs consistent with treatment in prior years of similar costs charged to federal programs.

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The enclosed information is being furnished to become part of your indirect cost rate proposal to be submitted to your cognizant federal agency within six months after the close of each fiscal year. Departments and agencies are reminded that it is the State's policy and each agency's responsibility to maximize the recovery of indirect costs. In all cases where non-state funded programs permit the recovery of indirect costs, agencies shall prepare and negotiate indirect cost rate proposals as required. Agencies shall apply the approved indirect cost rate to the appropriate base and transmit all recoveries of indirect costs to the Department of the Treasury.

A copy of the original proposal, which covers the Statewide Cost Allocation for the fiscal year ending June 30, 2012 as submitted to HHS, will be accessible on the State's website via: <http://www.state.nj.us/treasury/omb/newsletters/index.shtml#grantinformationarchives>. If you require additional information related to this proposal, please contact James F. Kelly via e-mail at [james.kelly@treas.state.nj.us](mailto:james.kelly@treas.state.nj.us) or by telephone at 609-633-3910.

Copies of each agency's indirect cost rate proposal and resulting negotiation agreement are to be forwarded to the Director, Division of Budget and Accounting. Departments or agencies that fail to furnish this information will not be eligible to be allocated a portion of indirect costs recovered by them during the fiscal year ending June 30, 2012.

JFK/nm  
Attachments

ORIGINAL

**COST ALLOCATION AGREEMENT  
STATE AND LOCAL GOVERNMENTS****STATE/LOCALITY:**

State of New Jersey  
Department of the Treasury  
Trenton, New Jersey 08625

**DATE:** January 27, 2012**FILING REF.:** The preceding  
Agreement was dated 05/18/11

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**SECTION I: ALLOCATED COSTS**

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The central service costs listed in Exhibit A, attached, are approved on a Fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during the fiscal year ended June 30, 2012 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

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**SECTION II: BILLED COSTS**

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In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to State/local departments and agencies.

1. Rent
2. Telephone
3. Insurance
4. Postage
5. Central Stores
6. Central Motor Pool
7. Information Technology
8. FICA\*
9. Legal Services
10. Plant Operation and Maintenance
11. Capitol Complex Security
12. Division of Revenue Services

\*Fringe benefit rates (exclusive of FICA) have been negotiated for the fiscal year ending June 30, 2012. See Addendum to the negotiation agreement.

**Section III: CONDITIONS**

The amounts approved in Section I and the billings for the services listed in Section II are subject to the following conditions:

- A. **LIMITATIONS:** (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State/locality which are legal obligations of the State/locality and are allowable under 2 CFR Part 225 (OMB Circular A-87). (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State/locality which was used to establish this Agreement is not later found to be materially incomplete or inaccurate.
- B. **ACCOUNTING CHANGES:** This Agreement is based on the accounting system purported by the State/locality to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from an allocated cost to be billed cost. Failure to obtain approval may result in cost disallowances.
- C. **FIXED AMOUNTS:** If fixed amounts are approved in Section I of this Agreement, they are based on an estimate of the costs for the period covered by the Agreement. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.
- D. **BILLED COSTS:** Charges for the services listed in Section II will be billed in accordance with rates established by the State/locality. These rates will be based on the estimated costs of providing the services. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined by 2 CFR Part 225(OMB Circular A-87), will be made in accordance with procedures agreed to between the State/locality and the Cognizant Agency.
- E. **USE BY OTHER FEDERAL AGENCIES:** This Agreement was executed in accordance with the authority in 2 CFR Part 225 (OMB Circular A-87), and should be applied to grants, contracts and other agreements covered by that Circular, subject to any limitations in Paragraph A above. The State/locality may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.
- F. **SPECIAL REMARKS:**

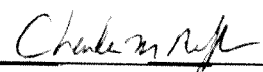
See Addendum

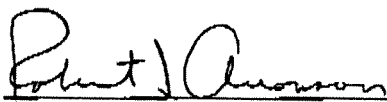
BY THE STATE/LOCALITY:

BY THE COGNIZANT AGENCY ON  
BEHALF OF THE FEDERAL GOVERNMENT:

State of New Jersey  
State/Locality

DEPARTMENT OF HEALTH & HUMAN SERVICES  
(AGENCY)

  
(Signature)

  
(Signature)

Charlene M. Holzbaaur  
(Name)

Robert I. Aaronson  
(Name)

Director  
(Title)

Director, Div. of Cost Allocation  
(Title)

February 1, 2012  
(Date)

January 27, 2012  
(Date)

HHS Representative: Michael Stack

Telephone: 212-264-0944

PAGE 1 OF 2ADDENDUM TO RATE AGREEMENTJanuary 27, 2012

Agreement Reference Date

**INSTITUTION:** State of New Jersey  
Department of the Treasury

**ADDRESS:** Trenton, New Jersey 08625-0224

FRINGE BENEFIT RATE

<u>Type</u>	<u>From</u>	<u>TO</u>	<u>Rate*</u>	<u>Locations</u>	<u>Applicable To</u>
Fixed	7/1/11	6/30/12	30.3%	All	All Programs (1)
Fixed	7/1/11	6/30/12	29.4%	All	All Programs (2)

\*Base: Direct salaries and wages excluding overtime and part-time workers. (See comments below - Notes 3 and 5)

Treatment of Fringe Benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs. (See comments below - Note 4)

Fringe benefit rates of 30.3% and 29.4% are approved on a fixed basis for the fiscal year ending June 30, 2012, and should be used by grantee agencies for the following purposes:

- (a) For budgeting purposes on grant award applications.
- (b) For billing purposes.
- (c) For inclusion in their indirect cost rate proposal and must be treated as either direct or indirect cost consistent with treatment accorded similar costs charged to the Federal Programs.

Note 1:

The fringe benefit rate of 30.3% is calculated based on all direct salaries and wages exclusive of the following group of employees:

- Judicial
- Prison Officers
- State Police
- Police and Firemen

Note 2:

The fringe benefit rate of 29.4% is calculated based only on the direct salaries and wages of Police and Firemen.

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**ADDENDUM TO RATE AGREEMENT**

January 27, 2011  
**Agreement Reference Date**

**INSTITUTION:** State of New Jersey  
Department of the Treasury

**ADDRESS:** Trenton, New Jersey 08625-0224

**Note 3:**

Treatment of Paid Absences: Vacation, holiday, sick leave pay and other absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these absences are not made.

**Note 4:**

The following fringe benefits are included in the fringe benefit rates:

- Pension
- Health Benefits
- Unemployment Insurance
- Earned and Unused Sick Leave Payments
- Prescription Drug Program
- Dental Care Program
- Vision Care
- Temporary Disability Insurance
- Workers' Compensation

**Note 5:**

The fringe benefit rates are applied to salaries and wages of personnel that are included in the pension and/or health benefit plan.

In addition to the fringe benefits included in the fringe benefit rate, Social Security Taxes (FICA) are specifically identified to each employee and are charged individually as direct costs.

## Exhibit A

State of New Jersey Statewide Cost Allocation Plan (SWCAP)  
Summary of Fixed Allocations for the Fiscal Year Ending June 30, 2012

Name of Agency Receiving Central Support Services	Office of the State Auditor (OSA)	Office of Management & Budget (OMB)	Civil Service Commission (CSC) *	Division of Risk Management (RiskMgmt)	Office of Employee Relations (OER)	Division of Purchase & Property (DPP)	Totals
Legislative Branch (excluding Office of the State Auditor)	-	67,504	65,644	3,613	8,227	26,825	171,813
Office of the Chief Executive	-	2,997	18,510	844	2,132	-	24,483
Department of Agriculture	324,788	411,187	42,246	14,350	5,060	27,533	825,164
Department of Banking & Insurance	(8,636)	43,471	79,317	3,169	9,428	40,099	166,849
Department of Children & Families	(12,192)	858,118	1,400,129	393,370	162,282	614,351	3,416,057
Department of Community Affairs	1,359,393	192,853	208,133	25,031	24,456	31,652	1,841,517
Department of Corrections	(607,824)	314,898	1,874,412	587,111	219,932	1,452,651	3,841,180
Department of Education	2,207,576	771,947	153,222	32,228	18,175	144,258	3,327,406
Department of Environmental Protection	25,050	794,011	583,240	76,043	69,015	1,309,155	2,856,515
Department of Health & Senior Services	714,539	651,131	327,617	29,545	39,049	351,448	2,113,328
Department of Human Services	2,826,352	1,547,194	3,051,700	1,976,608	355,599	2,870,009	12,627,464
Department of Labor & Workforce Development (excluding Civil Service Commission)	-	817,074	1,215,929	32,516	68,838	226,699	2,361,056
Department of Law & Public Safety	745,692	905,852	1,748,743	270,002	205,323	1,418,440	5,294,052
Department of Military & Veterans Affairs	294,268	234,185	302,101	144,301	35,057	819,823	1,829,735
Department of State	(813,184)	329,862	2,173,665	307,984	48,677	186,706	2,233,710
Department of Transportation	794,084	4,092,075	1,076,564	208,546	127,487	1,573,981	7,872,738
Department of the Treasury (excluding Central Support Services)	195,761	1,267,663	893,414	58,612	106,499	1,073,963	3,595,911
Office of Information Technology	692,469	52,267	151,984	12,151	18,075	57,305	984,250
Other Departments and Agencies	(178,972)	2,660,582	(412,905)	15,296	26,736	(122,571)	1,988,166
Judicial Branch	949,537	932,973	1,828,167	151,102	213,256	1,570,627	5,645,662
<b>Totals</b>	<b>9,508,699</b>	<b>16,947,846</b>	<b>16,781,832</b>	<b>4,342,422</b>	<b>1,763,303</b>	<b>13,672,953</b>	<b>63,017,054</b>

\* Formerly Department of Personnel

NOTE: FRINGE BENEFIT COSTS AND RENTAL COSTS FOR BUILDINGS AND GROUNDS ARE NOT INCLUDED IN THIS ALLOCATION.



## Exhibit A-1

State of New Jersey Statewide Cost Allocation Plan (SWCAP)  
 Calculation of Physical Plant Operations & Maintenance Fixed Allocations for the Fiscal Year Ending June 30, 2012

Name of Agency Receiving Central Support Services	FY2012 Allocation
Legislative Branch (excluding Office of the State Auditor)	\$ (292,177)
Office of the Chief Executive	1,581,615
Department of Agriculture	327,177
Department of Banking & Insurance	333,148
Department of Children & Families	2,385,052
Department of Community Affairs	1,560,316
Department of Corrections	-
Department of Education	(39,772)
Department of Environmental Protection	3,941,315
Department of Health & Senior Services	1,285,490
Department of Human Services	(627,965)
Department of Labor & Workforce Development (excluding Civil Service Commission)	-
Department of Law & Public Safety	(1,670,634)
Department of Military & Veterans Affairs	-
Department of State	4,264,219
Department of Transportation	2,292,888
Department of the Treasury (excluding Central Support Services)	5,946,414
Office of Information Technology	313,175
Other Departments and Agencies	23,561,128
Judicial Branch	(1,967,923)
Totals	\$ 43,173,486

NOTE: PLANT OPERATIONS AND MAINTENANCE COSTS FOR SERVICES WHICH REPRESENT OCCUPANCY COSTS OF STATE-OWNED BUILDINGS ALLOCATED TO GRANTEE AGENCIES FOR INCLUSION IN THEIR INDIRECT COST RATE PROPOSALS MUST BE TREATED BY THE AGENCY AS EITHER DIRECT OR INDIRECT COSTS, CONSISTENT WITH THE TREATMENT OF SIMILAR (RENTAL) COSTS CHARGED TO FEDERAL GOVERNMENT PROGRAMS.